

localinsights

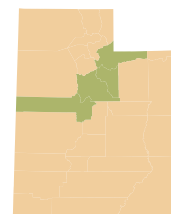
july 2012 mountainland

An economic and labor market analysis of the Mountainland Area

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The More You Learn The More You Earn



Educational Attainment in the Mountainland Area

BY JIM ROBSON, ECONOMIST

The U.S. Census Bureau has partnered with other federal government statistical agencies and state workforce agencies to combine various government survey-based data programs with state-supplied administrative records on workers and employers to produce a rich set of characteristic data for local, regional and state economies. The Local Employment Dynamics (LED) program provides this new information while protecting the confidentiality of original business or individual respondents. No firm-specific or individual information is released. The LED program now offers data concerning educational attainment in the workforce.

Economic success, prosperity and growth of regional economies correlate with increasing educational attainment of the populace over time. An educated workforce is associated with higher productivity, increased real incomes and better standards of living. Levels of education have risen steadily in America over the past 70 years. In the 1940 Census, 24.5 percent of people aged 25 and over had at least a high school diploma. By 2010 this had increased to 85.0 percent, with 27.9 percent having attained a bachelor's degree or higher.

LED divides the workforce into four mutually exclusive educational attainment categories:

- Those with less than a high school diploma

- Those with a high school diploma or equivalent, such as the GED
- Those with some college or an associate degree
- Those with at least a bachelor's degree

The labor force consists of all individuals 16 years of age and older who are working or looking for work, but the LED educational attainment data deals only with persons 25 years of age and above, excluding individuals in the prime years for attaining additional formal education and training.

The LED regional labor market data is divided into 20 industrial sectors. The largest sector for Mountainland is educational services (both public and private), accounting for 24,338 jobs, or 16.8 percent of the total jobs for persons 25 years and above in 2010. The smallest industry, mining, had 182 jobs or just 0.1 percent. Total payroll employment for persons 25 years and above was 145,247.

Graph 1 (next page) shows the percent distribution by the 4 educational attainment categories for the 20 industry sectors and the total of all sectors. This chart is sorted by the percentage of the industry's workforce that has at least a bachelor's degree, beginning with agriculture/forestry/fishing/hunting with 16 percent at the low end to a high in utilities at 45.6 percent. For 17 of the 20 industries, more than 50 percent of the workforce has acquired education beyond a high school diploma or equivalent.

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Mountainland Highlights



- An educated workforce is associated with higher productivity and increasing incomes.
- Educational services is the largest employment industry, accounting for 16.8 percent of the total jobs.
- Workers with higher levels of education are less likely to be unemployed in good economic times or during recessions.
- In 2010, the average worker with at least a bachelor's degree had a monthly wage of \$5,036 compared to \$2,793 for the average worker with a high school diploma.





The More You Learn The More You Earn Cont.

Data

United States statistical information on the relationship between higher educational attainment and more pay has been well established as long as these types of data have been collected. Those with more education receive a higher average pay and achieve greater lifetime earnings. The Bureau of Labor Statistics data shows consistently that those with higher levels of education are less likely to be unemployed despite the economic situation.

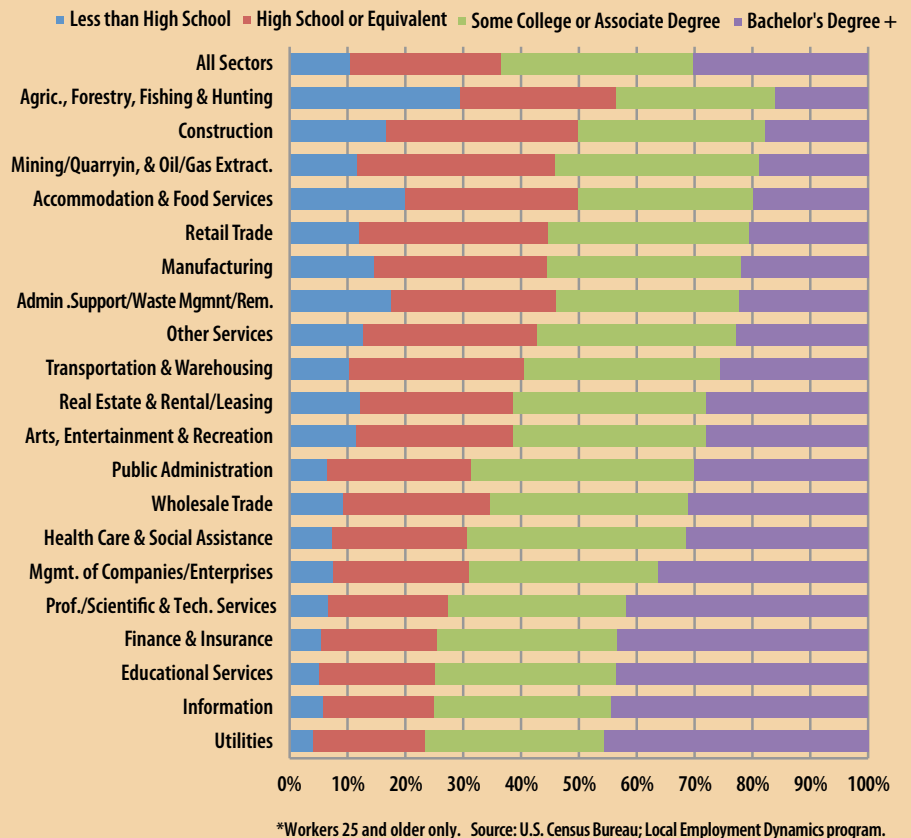
The LED information for Mountainland confirms this relationship. Graph 2 provides an annual time series from 2000 to 2010 for the average monthly wage in Mountainland. In 2010, the average worker in Mountainland with at least a bachelor's degree had a monthly wage of \$5,036 compared to \$2,793 for the average worker with a high school diploma. As the graph indicates, the relationship between average monthly wage and these education categories is relatively stable.

It should be noted that the average monthly wage is influenced by factors other than pay rate or hourly wage, such as the number of hours worked and job stability. Many occupations and industries that are characterized by less than full-time hours or high turnover also have lower educational attainment. Together, these factors result in lower average monthly wages.

Industry

The LED data allows us to compare the differences in average monthly wages by level of educational attainment according to industry as displayed in Graph 3. In this comparison, five years of the average percentage difference in the monthly wage

Graph 1: Educational Attainment by Industry
As Percent of Each Industry Total Jobs*, 2010



between a bachelor's degree or higher and the other two educational attainment levels covers 2006 to 2010. Using this five-year range (the most recent data available) provides data by industry prior to the start of the recession through the first part of recovery in 2010. This should make the comparisons more representative of industry differences over the business cycle.

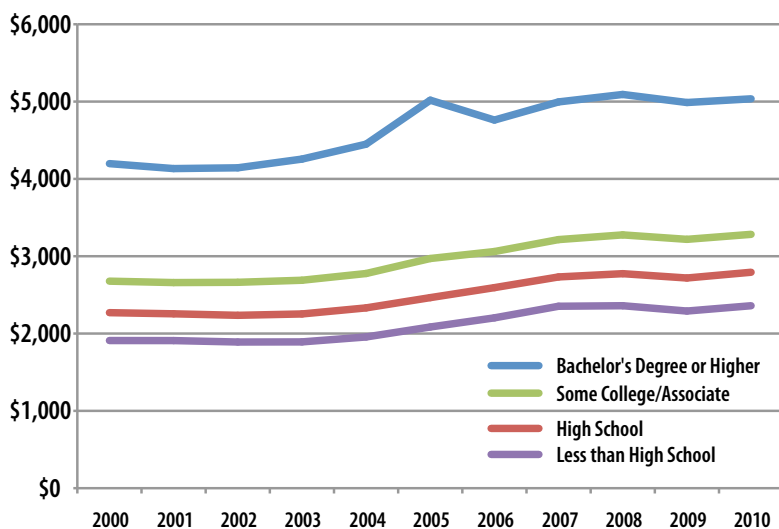
Workers with at least a bachelor's degree have higher wages than those with lower levels of educational attainment in each of the twenty industries. The highest industry wages for those with at least a four-year degree relative to others in the same industry are found in management of companies or corporate headquarter locations. In this industry, there are highly paid professional managers and directors who have high educational attainment and high wages. The second highest is the healthcare industry, which has highly

trained and skilled medical doctors who earn significantly more than the staff who do not have a four-year degree. The third highest industry on the list is finance/insurance. In each of these top three industries, those with at least a four-year college degree have wages that more than double that of workers with a high school diploma.

Proceeding down the list, the industries at the top are those where a significant portion of their workforce consists of highly educated professional staff. On the other hand, towards the bottom of list, the difference between those with a bachelor's degree or above and those with less education is not nearly as pronounced.

Goods-producing industries such as mining, manufacturing and construction generally have lower wage premiums for workers with a bachelor's degree or higher. These industries typically pay workers

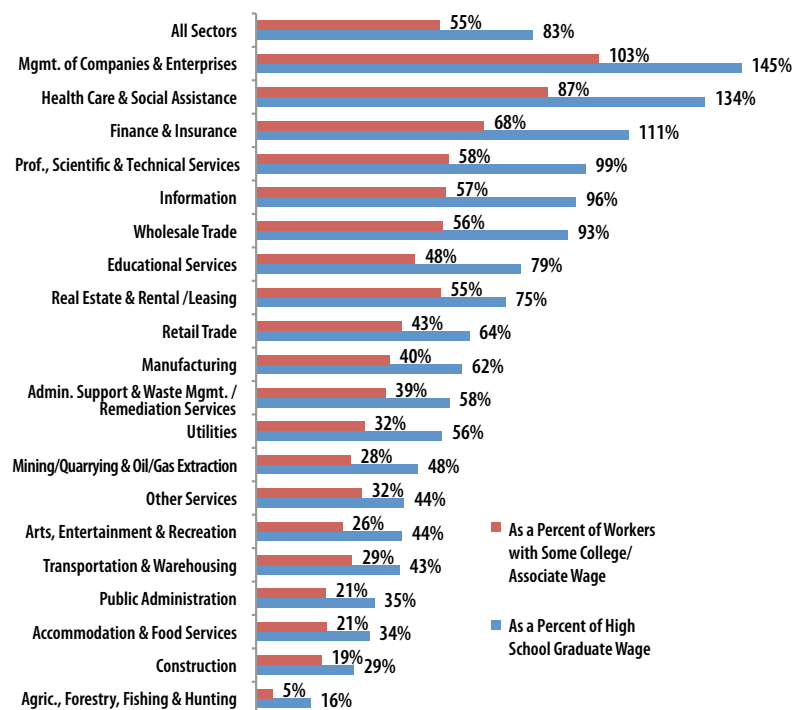
Graph 2: Average Monthly Wage by Worker Education*



* Workers 25 and older only.

Source: U.S. Census Bureau; Local Employment Dynamics program.

Graph 3: Wage Difference for Workers with a Bachelor's Degree or Higher Compared to Workers in the Same Industry with Other Education Levels*
(Five-Year Average Monthly Wage Comparison: 2006–2010)



* Workers 25 and older only.

Source: U.S. Census Bureau; Local Employment Dynamics program.

compensating wage differentials for difficult and strenuous working conditions or odd-hour shifts. In other words, higher pay for non-degreed workers with difficult working conditions shrinks the education wage gap. Other industries such as accommodation and food services hardly pay wages that are higher than average. In fact, this industry shows the lowest average monthly earnings of any major industry, due in part to their relatively low wage rates and part-time status. It also ranks as the lowest-paying industry for those with at least a bachelor's degree. Wages are just low regardless of educational attainment.

Following the laws of supply and demand, the accommodations/food service industry paid its highest wages (even without adjusting for inflation) in 2004, a very tight year for the labor market. And while wages for workers with a high school education have increased steadily over the last several years, wages for those with degrees remained relatively flat. As a result, the educational wage gap in this industry has closed quite steadily over the past eight years. In 2002, degreed workers in accommodations/food services earned 37 percent more than high school graduates. By 2010, college-educated workers earned only 25 percent more than their high school-educated counterparts. The dearth of jobs in recent years may have meant that workers with degrees were willing to accept jobs at lower wages in order to find employment.

Gender

Graph 4 (next page) depicts the relationship between average monthly wage, educational attainment and gender. Considering the average pay gap between male and female workers with a bachelor's degree or above in Mountainland, women earn about one half of what men earn in an average month. If education pays, why is there such a large gap between the average monthly wage of men and women?

Some of the most important factors that account for this wage gap include the following:

- Women on average work more part-time jobs and work fewer hours in their full-time jobs than men.
- Women work to a greater degree than men do in occupations and industries that have lower pay, such as office support, retail trade, education and nursing. Men have higher concentrations in management, construction, manufacturing and high technology. These gender distinctions are changing slowly over time but do still exist in the current economy.



The More You Learn The More You Earn Cont.

- Women tend to move in and out of the labor market more than men do to take care of family responsibilities. When someone leaves employment and interrupts a career, they generally suffer an earnings reduction when they return.
- Women continue to face unwarranted lack of opportunity or lower pay for equal work because of gender-based discrimination.

These influences and others account for the gender pay gap observed in average monthly wage data. Much of what is described above is culturally based and has long-standing societal gender roles associated with the life choices that women and men make.

The average earnings of female and male workers differ considerably by industry. Graph 5 illustrates the percentage differential between female workers versus male workers with at least a bachelor's

degree by industry for the Mountainland area. Generally, as you move down the list from those industries with the smallest average difference between male and female wages to those with the largest, you also move from industries that have a higher percentage of female workers to industries that have a lower percentage of female workers with a few exceptions.

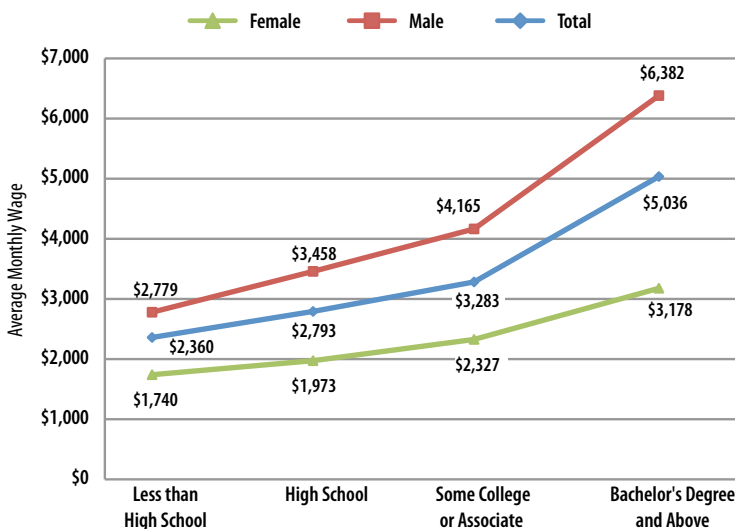
Transportation and warehousing, which is traditionally a male dominated industry, is where the gender wage differential is the lowest. The workforce in this industry has relatively few workers with at least a four-year degree, but for workers with higher education attainment wage differences by gender are less prevalent.

The most disparity between wages and gender for the most highly educated occurs at corporate headquarters and in healthcare/ social services. In these industries the

average female worker with at least a bachelor's degree makes just 38 percent of similarly situated male workers. These large differences reflect traditions of highly paid male dominated managerial and professional staff relative to less-paid female positions.

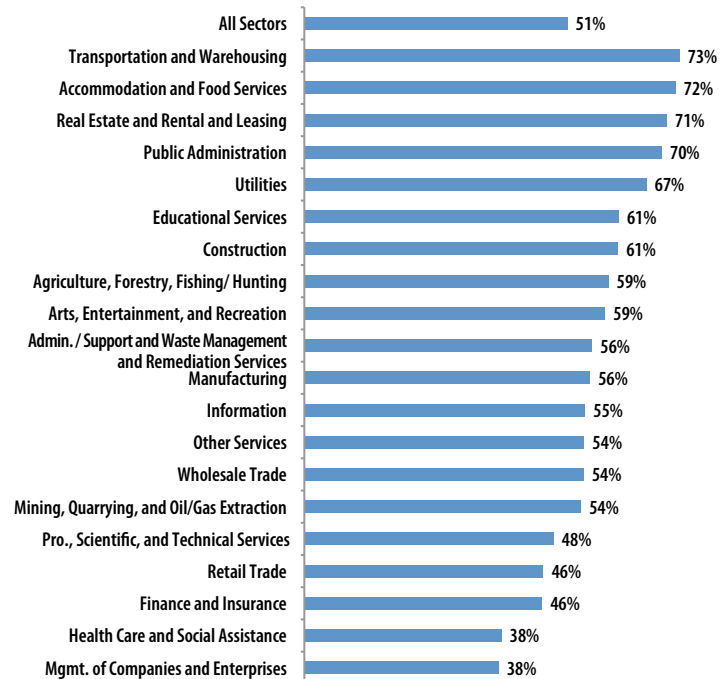
In all industries, gender wage differences are significantly influenced by occupational choices, hours worked, length of continuous service, technical expertise and managerial position, varying based on a long history of traditional gender-defined roles and culturally based influences. In recent decades, gender-based limitations and strictures on career and occupational choice have been largely removed, yet traditional patterns in career, industry and occupational choices persist. All information relative to earnings, education and skill level suggest that education pays. People can always find exceptions, but generally the more you learn the more you earn. ■

Graph 4: Average Monthly Wage by Educational Attainment and Gender, 2010*



* Workers 25 and older only.
Source: U.S. Census Bureau; Local Employment Dynamics program.

Graph 5: Average Monthly Wage for Workers* with a Bachelor's Degree or More—Female to Male Comparison by Industry (Five-Year Average Comparison 2006–2010)



* Workers 25 and older with a bachelor's degree or higher.
Source: U.S. Census Bureau; Local Employment Dynamics program.

Economic Indicators

BY JIM ROBON, ECONOMIST

The Mountainland Economic Service Area (ESA) continues with the expansion phase of economic recovery after suffering through the Great Recession of 2008 and 2009. Labor market conditions are on the mend with improved job, income and business growth. Peak wage and salary payroll employment in this region occurred in December of 2007, followed by significant job losses in 2008 and 2009. In 2007 there were an average of 218,700 payroll jobs in the area. Of these, 85 percent (186,050) were in Utah County. In 2011 there were an average of 211,929 payroll jobs, about 6,800 fewer than in 2007. The recessionary regional job deficit has now lasted four years with the exception of Summit County where the number of payroll jobs in 2011 was the same as in 2007.

Unemployment is gradually subsiding, but there are still some hangover effects from the bursting of the housing bubble and financial crises that are holding back residential construction activity. However, overall healthy job growth and an improving labor market will characterize economic conditions in the coming months.

Utah County

The negative effects of the economic recession on the Utah County labor market continued through the first half of 2010 with overall job losses and increasing unemployment. Employment levels stabilized and modest job growth finally resumed in the second half of the year.

The unemployment rate in Utah County peaked in the early spring of 2010 at 8.1 percent, with 18,100 residents who could not find work. Prior to the recession in 2007, the average unemployment rate for the county was at a very low 2.5 percent, or 5,500 residents. By the spring of 2012, the jobless

rate had declined to 5.7 percent, or 12,500 residents. Initial claims for unemployment benefits, while still above the incredibly low levels seen prior to the recession, are at their lowest in four years, averaging 276 per week in the first quarter of 2012.

The improvement and expansion in the Utah County labor market during 2011 has been reflected quite well in the gross taxable sales figures. For each quarter in 2011, Utah County year-over sales tax collections have been positive. The fourth quarter 2011 year-over increase was the strongest yet, increasing by 11 percent.

By the end of 2011, payroll jobs were increasing by 4.4 percent over the previous year with 7,900 more payroll jobs. Employment opportunities were expanding

in most of the major industrial sectors, with the strongest percent increase occurring in construction at 12.7 percent, adding 1,217 jobs over the previous year. The I-15 interstate rebuild, the National Security Agency (NSA) data center project and other commercial and industrial building construction provided the impetus for this growth.

While construction added jobs in 2011, this industry actually suffered the most significant losses during the recession. Construction employment in Utah County had been reduced from its peak levels during the housing boom by almost one half, with average employment in 2011 even now 45 percent below the average number of construction jobs in 2007.

Payroll Job Growth—Count and Percent Change—from December 2010 to December 2011 by Industry

	Utah County		Summit County		Wasatch County		Juab County	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Healthcare/Social Services	1,318	6.8%	80	9.0%	34	7.2%	24	6.1%
Trade	1,315	4.7%	43	1.1%	189	22.6%	7	2.4%
Construction	1,217	12.7%	-120	-9.9%	-26	-3.5%	5	2.0%
PST Services & Co.(1)	1,054	8.2%	46	5.3%	-16	-6.3%	8	6.3%
Private Education	853	3.8%	6	1.7%	17	29.3%	d	d
Admin Support/Waste(2)	572	5.9%	-23	-3.4%	-4	-1.3%	11	61.1%
Leisure/Hospitality	464	3.3%	1,200	12.1%	-135	-12.6%	-2	-0.8%
State Government	439	6.2%	-5	-3.1%	-1	-0.4%	1	2.1%
Manufacturing	321	2.0%	191	27.9%	-26	-12.4%	-34	-5.4%
Information	197	2.5%	18	7.5%	-2	-2.0%	d	d
Transportation/Warehousing	142	6.1%	26	7.8%	11	12.8%	-4	-11.1%
Local Government	54	0.3%	142	6.4%	61	5.7%	-20	-2.8%
Mining	22	47.8%	-13	-19.1%	2	3.4%	-20	-24.1%
Utilities	12	4.2%	-1	-2.1%	1	4.3%	d	d
Other Private Services	-4	-0.1%	-5	-0.8%	-8	-4.5%	4	14.3%
Financial Activities	-18	-0.3%	31	1.9%	-57	-16.0%	1	1.7%
Federal Government	-27	-2.8%	-3	-5.3%	3	7.9%	4	14.3%

(1) PST Services & Co. — Professional/Scientific/Technical Services and Management of Companies

(2) Admin Support/Waste — Administration and Support/Waste/Remediation Services.

d = Not shown to avoid disclosure of individual firm data.

Source: Utah Department of Workforce Services.

The healthcare industry continued to add jobs throughout the recession. Although the year-over rate of growth had declined to 2.7 percent in 2010, it has now returned to its normal position of strength, adding 1,318 new jobs by December 2012. Trade followed right behind, increasing by 1,315 jobs, a healthy 4.7 percent. Professional/scientific/technical industry and management of companies expanded 7.3 percent, providing 1,054 net new jobs.

State government jobs grew by 6.2 percent with the majority of the employment being added in higher education as Utah Valley University continues to grow to meet the education demands of the youthful and growing population of Utah County. Private education employment, which includes BYU, also added 3.8 percent to employment. The manufacturing sector, which suffered significant declines of more than 3,500 jobs during the recession, stabilized during 2010 with a total of 15,700 jobs and then about 16,200 by December 2011.

Summit County

Summit County's labor market experienced a transformation from an economy in recession to expansion during 2010. In 2011, Summit was the third strongest county economy in Utah, behind Duchesne and Uintah. Year-over growth in jobs occurred in most industry sectors throughout 2011, with a year-end rate of 6.9 percent in payroll employment, adding 1,654 jobs. The increase was propelled by leisure and hospitality jobs thanks to an early ski season.

The leisure and hospitality industry provides a significant number of jobs, wages and economic activity within Summit and Wasatch Counties. People from all parts of the globe come to the Wasatch Back to enjoy the ski resorts, state parks and other venues for recreational activities and events. Visitors bring income that helps sustain local economic vitality. Ten counties in Utah derive more than 15 percent of their nonfarm jobs from the leisure

and hospitality industry. Among these counties are Summit and Wasatch, which have 38.4 and 18.3 percent respectively of their 2011 payroll employment in leisure and hospitality, where most jobs are in accommodations and food services. The retail trade industry provided Summit County with 15 percent of its jobs and Wasatch County with 14.1 percent. In the Wasatch Back, recreation, travel and tourism activities are the main economic drivers.

Another bright spot for the Summit economy was manufacturing, which grew 10 percent in 2010 with 62 new jobs and again in 2011 at 27.9 percent with 191 new jobs. Healthcare/social services ended 2011 by expanding 9 percent with 80 new jobs.

Construction, on the other hand, continued to lose jobs through 2010 and 2011. Construction employment in Summit County has been reduced by 59 percent from its peak levels in 2007, with average employment in 2011 at 1,064 jobs. Construction activity has probably hit bottom and is unlikely to contribute to growth until residential housing construction returns, probably in 2013.

Prior to the recession in 2007, the average unemployment rate for Summit County was at a low 2.5 percent, or about 550 unemployed residents. The unemployment rate rose steadily from 3 percent in June of 2008, topping out at 8 percent in December of 2009 with about 1,770 unemployed. The jobless rate has since receded to 5.4 percent by the spring of 2012. Initial claims for unemployment benefits are at their lowest levels in four years, averaging 24 per week in the first quarter of 2012.

Wasatch County

Just like other counties in the area, Wasatch County's labor market experienced a transformation from recession to expansion during 2010. This past year was a mixed bag in terms of job growth as there were as many industries showing job losses as those showing job gains. On average in

2011, employment increased by 141 jobs or 2.4 percent over 2010. Most of this occurred in retail trade with the opening of Wal-Mart in Heber Valley. Initially this was quite a large boost to employment, but the new competitive retail environment is producing some job losses for other retailers. It may be some time before this adjustment process is complete.

The area of biggest concern during 2011 was the leisure/hospitality industry, which lost about 135 jobs that year. The industry averaged 1,366 jobs in 2008 and 1,096 jobs in 2011. Resort and convention business have not returned to pre-recession levels.

Construction jobs averaged a total of 693 jobs for 2011 compared to 691 jobs in 2010, reduced from its peak levels in 2007 by 44 percent. As was the case in Summit County, Heber Valley residential construction is still awaiting a recovery that will likely be delayed until 2013.

With the difficulties in the leisure/hospitality industry, the unemployment rate in the early spring of 2012 was 7 percent, somewhat higher than in Utah or Summit Counties. During the recession, unemployment peaked in Wasatch County at 9.9 percent at the end of 2009 through the spring of 2010.

Just like the other Mountainland counties, gross taxable sales are a bright spot. For the most recent five quarters until December 2011, year-over taxable sales have been positive. The fourth quarter 2011 year-over growth was 12 percent.

Juab County

During 2010, the Juab County labor market exhibited a very different pattern than was seen elsewhere. Payroll employment returned close to levels seen in 2005. In 2010, average nonfarm jobs totaled 3,130 compared to 3,094 in 2005. During 2011, the county lost an additional 100 jobs or 3.2 percent to average 3,029 for the year. Two forces have had a major impact on Juab County's economy: first, the

construction of the Current Creek Power Plant in Mona from 2006 through 2007 and second, the national and state recession.

The construction of the power plant had a large positive impact on jobs, incomes and economic activity. The project provided considerable economic impetus in 2008 and blunted some of the recessionary impacts of 2009. In 2010, Juab experienced overall employment declines instead of the beginnings of renewed job growth that occurred in other counties of the region. The loss of economic momentum continued to plague the county economy in 2011.

Prior to the recession, the average unemployment rate for Juab County in 2007 was at just 3.2 percent or 131 unemployed. The rate rose steadily thereafter, reaching a high of 10.8 percent by the end of 2009, with an estimated 430 jobless workers. By the spring of 2012 the unemployment rate had declined to 7.3 percent, about 300 residents.

As was the case elsewhere in this region, gross taxable sales had a year-over increase of 14 percent in the fourth quarter of 2011. Quarterly sales taxes have shown year-over growth for five straight quarters.

Outlook

Continuing job growth and a gradually improving labor market will characterize economic conditions in the coming year in the four Mountainland counties. The improving economy should bring down the jobless rate somewhat from current levels. The regional economy will gain more strength as other positive business plans are pointing to continuing improvement. If current trends persist, the labor market should generate enough new employment by the end of 2012 to surpass the previous record number of jobs in 2007. Even the dampening effects of relatively high gasoline prices, which reduce the discretionary income consumers have to spend elsewhere, and the last of the hangover effects from the bursting of the housing bubble that still retard potential growth, will not be strong enough to derail a push to a new employment record. ■

Mountainland TOP JOBS in Demand



1. Customer Service Representatives
2. Sales Representatives, Services, All Other
3. Registered Nurses
4. Retail Salespersons
5. Maids and Housekeeping Cleaners
6. Truck Drivers, Heavy and Tractor-Trailer
7. Computer Support Specialists
8. Construction Laborers
9. Sales and Related Workers, All Other
10. Computer Software Engineers, Applications



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Economic Analysis

Studies have shown that the world economy has been going through extraordinary changes in its organization, structure, integration and interdependency. Accelerating technological change has increased the intensity of business competition and economic development, forcing continual adjustments to a changing environment. Economies benefit from this technological change only when local chambers of commerce, government, businesses and others involved in economic development are able to accurately assess relevant economic factors to develop policies geared at boosting local economies in accordance with said technological advancements. With the power of economic information, policies are designed to maintain and help the local economy to grow, be more competitive in earnings and provide better job opportunities to give residents and employees a valuable tie to their community or business.

To gain a better understanding of an area and its economy, it is important to recognize current local and regional trends and conditions. Knowledge of the local economy typically comes from some sort of analysis. This kind of insight is part of the necessary preparation for an area to create an effective strategy in the decision-making process. Understanding what is happening in the area and why it is happening allows local chambers, government and businesses to make better choices. Every region in Utah has its own unique strengths and challenges and is typically different from any of the surrounding areas. Each area or business needs certain tools to answer necessary questions that will enable it to influence its job and income situation.

Workforce Research and Analysis (WRA), a division of the Utah Department of Workforce Services, understands the need for decision makers to have as much information as possible to improve the welfare of the resident population and promote opportunity. In an effort to strengthen the understanding of local economic areas, WRA uses the knowledge and experience of the department staff's economists. Years of education and experience working with labor statistics and local economic data give these economists the expertise to answer complex questions. WRA gathers data that include employment and payroll information through surveys and employer reporting, allowing the economists to shed light on how each area's economy is functioning. They are able to determine the strengths, weaknesses, trends and overall shape of the local economy and work to apply those ideas into indications about the future economy.

WRA produced this new quarterly publication focused on local economic analysis to provide relevant information for decision-making in the areas of regional planning, local economic development and policy design. Issues are available about the statewide economy and eight different sub-state areas: Bear River, Castle Country/Southeast, Central Utah, Mountainland, Southwest, Wasatch Front North, Wasatch Front South, and Uintah Basin. The statewide version will focus on items affecting the entire state of Utah, including job-training strategies, re-employment and labor exchange activities. All will provide the reader with an in-depth look at the economy. Each issue will also inform the reader of notable DWS policy changes and focus, explaining why it affects each area.

We hope you enjoy your experience with this publication.